

# INSURANCE COUNSELOR

## Insurance Consumer Information Sheet

### Home Business Insurance

Do you make money from a product or service that you provide in your home? If so, do not assume that your home insurance policy covers any part of the home business, especially if it is your main occupation. In fact, most home insurance policies exclude coverage for business activities conducted on a regular basis in the home. If you or a family member conduct a business on the insured premises, you should contact your agent to determine if a particular activity would be excluded under the home insurance policy.

#### What types of coverage would you need?

Apart from the obvious coverage for business related equipment such as computers, fax equipment, furniture, etc., you may need coverage for property of others that may be stored on your premises. You may need additional personal liability insurance to cover the exposure from increased traffic from contractors or customers that may make frequent visits to your home. Standard home insurance policies do not include coverage for the added property and liability exposures the home business represents.

Many home insurance companies now offer **home business insurance policies** that fill the niche between a standard home insurance policy and a full commercial business owner's policy. These policies are designed to recognize the special insurance needs of the home-based business owner. Of course, an additional premium will be charged for the increased coverages. However, just as a large business would need to have protection for its products, services, and liability, a home-based

business also needs the insurance to protect it from certain risks.

Some of the additional coverages found in a home based business policy are:

- ❖ A standard home based business policy may increase the limits for business personal property above that covered in a standard homeowner policy.
- ❖ It increases the off-premises coverage for business personal property.
- ❖ A business exclusion under credit card coverage does not apply to the covered business.
- ❖ Business property of others is usually covered up to a specified limit.
- ❖ Accounts receivable up to a specified limit are covered.
- ❖ Liability coverage may include products and completed operations, personal injury, and incidental contractual liability.

As with other insurance policies, you will need to check with your insurance agent to determine if your home insurance company writes home business coverage. If they do then you need to find out how much they charge, how much coverage they offer for particular items, and if those coverages fit your business needs.

**What types of home businesses need extra coverage?**

Some examples of home businesses that insurance companies would consider outside the limits of the homeowner policy are: Afghan making, artists, ceramics, hat making, accountants, answering services, notaries, hobby shops, florists, herb shops, appliance repair, music lessons, picture framing, and cosmetic sales. This is a limited list. Check with your agent if you are involved in an activity that produces income, has employees, dedicates a portion of your home to the business, or you conduct another activity that may expose you to losses not covered under the regular home insurance policy.

**Who provides home business insurance coverage?**

Several insurance companies provide coverage for home business exposures. If you need coverage and your home insurance company does not provide the right type of insurance, you need to ask other agents for advice. You should not leave your home business uninsured under the assumption your home insurance policy will meet all your needs.

You should also be aware that an insurance company may not deny you home insurance coverage if you have a home business. However, they can refuse to provide coverage for that business if it does not fit their insurability standards.

If you have further questions about this coverage, please contact the Office of Financial and Insurance Services at our toll free number: 1-877-999-6442.